

March 14, 2008
UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:

Northrop Grumman Corporation,

A Delaware Corporation

Respondent

CONSENT AGREEMENT

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, U.S. Department of State ("Department") has notified Northrop Grumman Corporation ("NGC" or "Respondent") of its intent to institute an administrative proceeding pursuant to section 38 of the Arms Export Control Act, as amended ("AECA") (22 U.S.C.

§ 2778), and its implementing regulations, the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. pts. 120-130);

WHEREAS, the Department acknowledges that the Respondent described these matters in a voluntary disclosure submitted to the

Department, and cooperated with the Department's investigation of this matter. The Respondent also submitted a voluntary disclosure to the Department of Commerce ("Commerce") concerning the unauthorized export of Export Administration Regulations ("EAR") controlled parts and technology for commercial inertial navigation units. Commerce and the Respondent entered into a Settlement Agreement on January 23, 2008;

WHEREAS, the Respondent has reviewed this Consent Agreement, fully understands this document, and enters into this Consent Agreement voluntarily and with full knowledge of its rights;

WHEREAS, the Respondent wishes to dispose of all potential civil charges, penalties and sanctions arising from the Proposed Charging Letter, and the facts that the Respondent has disclosed in writing to the Department by entering into this Consent Agreement;

WHEREAS, the Respondent agrees that if the Department finds that this Consent Agreement was negotiated based on the Respondent's knowingly providing false or misleading material information to the Department, the Department may revoke this Consent Agreement and the related administrative order ("Order"), and bring additional charges against the Respondent. Additionally, the Respondent understands that a violation of this Consent Agreement is considered a violation of the Order, and if the Assistant Secretary of State for Political-Military Affairs determines that the Respondent has violated the Order, additional penalties may be assessed in accordance with section 127.10 of the ITAR; and

WHEREAS, the Department and the Respondent agree to be bound by this Agreement and the Order to be entered by the Assistant Secretary of State for Political-Military Affairs;

Now, WHEREFORE, the Department and the Respondent agree as follows:

Parties

(1) The Parties to this Consent Agreement are the Department and the Respondent.

Jurisdiction

(2) The Department has jurisdiction over the Respondent under the AECA and the ITAR in connection with the matters identified in the Proposed Charging Letter.

Official Designated for Consent Agreement Compliance and Oversight

(3) The Respondent shall appoint a qualified individual from inside the corporation to serve as an Internal Special Compliance Official ("ISCO"). The term, authorities, and responsibilities of the ISCO are described in the Annex of Compliance Measures attached to this Consent Agreement.

Penalty

(4) The Respondent agrees that it shall pay in fines and in remedial compliance measures an aggregate civil penalty of fifteen (15) million dollars to complete settlement of alleged civil violations pursuant to section 38 of the AECA and the ITAR, as set forth in the Proposed Charging Letter. The Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by this Consent Agreement, and that the Statute of Limitations shall be tolled until the last payment is made. The civil penalty shall be payable as follows:

a) Ten million dollars (\$10,000,000) shall be paid through several installments as follows:

1) Specifically, three million dollars (\$3,000,000) shall be paid to the Department of State within 10 days of the date of the Order. Then the Respondent shall pay three million dollars (\$3,000,000) on each of the first and second anniversaries, and one million dollars (\$1,000,000) on the third anniversary, of the date of the Order.

- 2) The Department and the Respondent agree that no interest shall accrue or be due on the unpaid portion of the civil penalty if timely payments are made as set forth in paragraph (4)(a)(1) above.
- b) A penalty of five million dollars (\$5,000,000) is hereby assessed, but the amount referred to in paragraph 4(b) above will be suspended on the condition that the Respondent apply this amount to remedial compliance measures. The Respondent shall receive a credit of one million dollars (\$1,000,000) against the five million dollars (\$5,000,000) for remedial compliance measures for targeted remedial compliance measures already implemented since 2004.¹
- c) The Respondent will apply the remaining four million dollars (\$4,000,000) of this amount over a three year period for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified herein and in the agreed Annex of Compliance Measures attached hereto. Respondent will provide a yearly accounting to the Department regarding such expenditures associated with this paragraph, and any portion of the four million dollar (\$4,000,000) suspended penalty not spent on remedial compliance enhancements will be paid immediately to the Department upon termination of the Consent Agreement.
- d) Respondent will provide to the Department no later than one year from the date of the Order, and then annually thereafter, for verification and approval, an itemized accounting of all Consent Agreement remedial compliance costs claimed against suspended penalties, showing the specifics of how money was used to strengthen compliance within the terms of this Consent Agreement. Respondent shall have three (3) years from the date of the Order to use any remaining portion of the suspended penalty on authorized remedial compliance costs. In addition, the Respondent will provide annual reports on additional resources spent on remedial compliance measures.

¹ The Respondent submitted an initial voluntary disclosure in 2004.

- e) The newly appointed ISCO, as set forth in paragraph (3) above, will conduct a review and prepare a report certified as correct by the Chief Financial Officer (CFO) and the Compliance, Public Issues and Policy Committee of the Board of Directors (CPIP) for the Department regarding the Respondent's expenditures for compliance improvements. The Department will review this report and determine whether the amounts claimed by the Respondent to date were spent for Consent Agreement authorized remedial compliance costs and will confirm this in writing. To the extent that the Department determines that amounts claimed or any portion thereof were utilized for remedial compliance costs authorized by the Consent Agreement, that amount will be credited against the suspended penalty.

(5) Respondent is prohibited from applying or claiming any portion of the \$10,000,000 cash and \$4,000,000 suspended penalty set forth in paragraphs (4)(a) through (c) as reimbursable or recoverable costs in any contract or other dealing with any agency of the U.S. Government, including any subcontract with respect to such a contract or as a Federal tax deduction. Respondent agrees that the \$10,000,000 cash and \$4,000,000 suspended penalty: (a) will be treated as expressly unallowable costs under the Federal Acquisition Regulations; (b) will not be recovered or sought to be recovered as allowable costs, either directly or indirectly under any federal prime contract, grant or subcontract; and (c) will not be taken as a federal tax deduction. In the event Respondent violates these prohibitions, the Department will deem it a "failure to apply funds appropriately for the required purpose."

(6) Any failure to apply funds appropriately for the required purpose or any failure to provide a satisfactory accounting shall result in a lifting of the suspension pursuant to paragraph 4(b) above. In that case the Respondent shall be required to pay immediately to the Department the amount of the suspended portion of the penalty, less any amounts the Department has in writing deems to have been properly applied and accounted for as expenditures in compliance with this Consent Agreement.

Designation of Defense Articles and Defense Services

(7) The Respondent acknowledges and accepts the authority of the Department to designate what is a defense article or defense service, and that the ITAR requires written authorization before such articles are exported or services are provided, regardless of whether the underlying defense article is used or defense service is performed in a commercial system or product. Respondent further acknowledges that the Commodity Jurisdiction process, set forth in § 120.4 of the ITAR, is the only official mechanism by which questions regarding jurisdiction and categorization may be resolved.

Debarment

(8) The Respondent has acknowledged the seriousness of the violations cited in the Proposed Charging Letter. The Respondent has cooperated with the Department's investigation, expressed regret for these activities and taken steps to improve its compliance programs. It has also undertaken to make amends by paying a cash penalty, and implementing the significant additional remedial compliance actions specified in this Consent Agreement. For these reasons, the Department has determined that an administrative debarment of Respondent based on the civil charges in the Proposed Charging Letter is not appropriate at this time. The Department reserves the right to consider imposing additional sanctions, including debarment under the ITAR, against the Respondent or any subsidiary or other affiliate, if it does not fulfill the provisions of this Consent Agreement, or is responsible for other compliance or law enforcement concerns under the AECA, or other statutes enumerated in § 120.27 of the ITAR.

Law Department Oversight

(9) Within 30 days of the date of the Order, Respondent's Office of the General Counsel will provide oversight and support for all matters involving the AECA and the ITAR. This oversight will be structured to achieve consistent application of the AECA and the ITAR by Respondent. Additionally, Respondent's Office of the General Counsel shall ensure that appropriate legal support is made available, in particular, to the principal Electronic Systems Sector personnel responsible for compliance with the AECA and the ITAR, and that

appropriate legal oversight is performed in this business unit with respect to such matters.

On-site Reviews by the Department

(10) For the purpose of assessing compliance with the provisions of the AECA, the ITAR and future export licenses and other authorizations, the Respondent agrees to arrange and facilitate, with minimum advance notice, on-site reviews by the Department during the duration of this Consent Agreement.

Status of Annex of Compliance Measures

(11) The Annex of Compliance Measures shall constitute an integral part of this Consent Agreement. References to this Consent Agreement shall be deemed to refer also to the Annex of Compliance Measures.

Understandings

(12) No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, and this Consent Agreement shall not serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein. Specifically, the Respondent acknowledges and accepts that there is no understanding expressed or implied through this Consent Agreement with respect to a final decision by the Department concerning its interest in the approval of export licenses or other U.S. Government authorizations. The Department agrees, assuming the Respondent's adherence to the terms of this Consent Agreement, and the AECA and the ITAR more broadly, that decisions concerning future export license applications submitted by the Respondent will be made consistent with the security and foreign policy interests of the United States.

(13) The Respondent acknowledges the nature and seriousness of the offenses charged in the Proposed Charging Letter, including the potential risk of harm to the security and foreign policy interests of the United States. If this Consent Agreement is not approved pursuant to an

Order entered into by the Assistant Secretary for Political-Military Affairs, the Department and the Respondent agree that they may not use this Consent Agreement in any administrative or judicial proceeding, and that the parties shall not be bound by the terms contained in this Consent Agreement.

(14) The Department agrees that, upon signing of the Order, this Consent Agreement resolves with respect to the Respondent any civil penalties or administrative sanctions imposed with respect to violations of section 38 of the AECA or the ITAR arising from facts that the Respondent has disclosed in writing to the Department in its voluntary disclosure letters dated April 13, 2004 and February 15, 2005 to the Department, or that have been identified in the Proposed Charging Letter.

Waiver

(15) The Respondent waives, upon the signing of the Order, all rights to seek any further proceedings in this matter, including an administrative hearing pursuant to Part 128 of the ITAR. The Respondent also waives any such rights with respect to an alleged material violation of this Consent Agreement except as follows: In the event that the Director, Defense Trade Controls Compliance determines that the Respondent has materially violated this Consent Agreement and the Respondent disputes such determination, the Respondent may appeal such determination to the Assistant Secretary for Political-Military Affairs, and the decision of the Assistant Secretary for Political-Military Affairs shall be the final determination in the matter, which may not be appealed. The Respondent also waives the right to contest the validity of this Consent Agreement or the Order, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement or Order.

Documents to be Made Public

(16) The Respondent understands that the Department will make this Consent Agreement, including the Annex of Compliance Measures, the Proposed Charging Letter and the Order, when entered, available to the public.

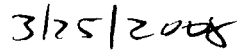
When Order Becomes Effective

(17) This Consent Agreement shall become binding only when the Assistant Secretary for Political-Military Affairs approves it by entering the Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

U.S. Department of State

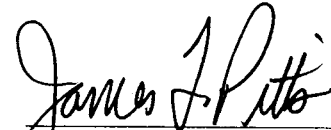


Ambassador Stephen D. Mull
Acting Assistant Secretary for
Political-Military Affairs

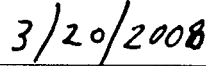


Date

Northrop Grumman Corporation



James F. Pitts
Corporate Vice President &
President, Electronic Systems
Northrop Grumman Corporation



Date

Annex of Compliance Measures

Northrop Grumman Corporation, (“NGC”) reflecting its commitment to conduct its business in full compliance with the Arms Export Control Act (“AECA”) and the International Traffic in Arms Regulations (“ITAR”), and in order to ensure, in particular, that there are no unauthorized exports of ITAR-controlled defense articles, technical data, or defense services agrees to implement the following remedial measures and such additional measures as may be mutually agreed upon by NGC and the Director, Office of Defense Trade Controls Compliance (“DTCC”), and agrees further that these measures will remain in effect for three (3) years subject to the terms and conditions below, including those contained in paragraphs 12 and 24, as part of the Consent Agreement entered into with the Department of State.

Further, NGC agrees that these measures will be incorporated into any future NGC business acquisitions that are involved in the design, manufacture, sale or export of ITAR controlled defense articles, technical data and defense services within six (6) months of that acquisition. Further, if NGC sells its Electronic Systems Sector, NGC agrees to notify DDTC three (3) months prior to such sale, notify the purchaser in writing, and require the purchaser to acknowledge in writing prior to the sale that the purchaser will be bound by the terms and conditions of the Consent Agreement, including this Annex of Compliance Measures. NGC acknowledges and accepts its obligation to maintain effective export control oversight, infrastructure, policies and procedures for its AECA/ITAR-regulated activities.

Northrop Grumman Corporation

(1) Under this Consent Agreement, NGC shall ensure that adequate resources are dedicated to ITAR compliance throughout the Respondent’s ITAR-regulated business units. The Internal Special Compliance Official (ISCO) shall review the organizational structure, reporting relationships and career path for all NGC employees with responsibility for ITAR compliance to address lines of authority, staffing increases, performance evaluations, promotions and compensation in a manner that most effectively ensures compliance with the ITAR. The ISCO shall present his or her findings and recommendations to the NGC Export/Import Policy Council.

(2) Within 120 days of the date of the Order, NGC, in coordination with the ISCO, will conduct an internal review of ITAR compliance resources throughout its

Electronic Systems Sector and will establish the necessary actions to ensure that sufficient resources are dedicated to compliance, including the use of additional resources from compliance cross-trained employees on a part-time basis when needed.

Compliance, Public Issues and Policy Committee

(3) The current Compliance, Public Issues and Policy Committee of the Board of Directors (CPIP) will oversee the ITAR-related activities of the General Counsel and ISCO. The General Counsel or other senior officer, as appropriate, and the ISCO must immediately report significant compliance issues, and must also provide annual compliance reports to the CPIP.

Appointment of an Internal Special Compliance Official

(4) NGC, with the concurrence of the Director, DTCC, shall appoint a qualified NGC employee to serve as an ISCO for the duration of this Consent Agreement. The ISCO shall report to the NGC's General Counsel or other senior officer as appropriate, the CPIP, and the Director, DTCC, as set forth herein. The ISCO must understand the requirements of the ITAR and have sufficient status within NGC to effectively exercise his or her authority to oversee ITAR activities as required in this Consent Agreement.

(5) The appointment of the ISCO shall be made within sixty (60) days of the date of the Order, unless otherwise agreed to in writing by NGC and the Director, DTCC prior to or at the time of the date of the Order. The appointment shall be subject to the written approval of the Director, DTCC.

(6) The ISCO shall have three (3) principal areas of responsibility regarding the future conduct of NGC:

(a) Policy and Plans: the ISCO shall monitor NGC's ITAR compliance program and policy with specific attention related to the following areas associated with the offenses alleged in the Proposed-Charging Letter:

1. Policies and procedures for the identification and classification of defense articles and defense services.
2. Policies for conducting periodic ITAR compliance training.
3. Policies and procedures for ensuring that research and development work on all defense articles and associated defense service matters are in compliance with the ITAR from conception to completion of the project.

4. Policies and procedures for preventing, detecting and reporting AECA and ITAR violations.
5. Meeting and maintaining adequate ITAR compliance staffing levels at the business units.

(b) Specific Duties: the ISCO shall oversee the following specific areas:

1. The audits of the Electronic Systems Sector's implementation of the compliance measures required by the Consent Agreement, including this Annex of Compliance Measures.
2. NGC's corporate oversight of ITAR compliance for performance of its responsibilities under the Consent Agreement and the Order in a timely and satisfactory manner.
3. The expenditures of the remedial compliance measures account.
4. Implementation of policies and procedures encouraging NGC employees to report ITAR compliance problems without fear of reprisal. These policies and procedures should promote the NGC HOTLINE Program (known within NGC as the "OpenLine") as a reporting mechanism safe from reprisals, and as a means to document the issue to be reviewed, management's action, and the result of any action taken by management in resolving the issue.
5. Enhancing incorporation of ITAR compliance into the Electronic Systems Sector's management business plans at the senior executive level.

(c) Reporting: the ISCO is responsible for the following reporting requirements:

1. Tracking, evaluating and reporting on NGC's review of ITAR violations and compliance resources at the Electronic Systems Sector.
2. Providing to the Director, DTCC within six (6) months from the date of the Order, and then semi-annually thereafter, status reports on ITAR compliance program enhancements and resource levels and their impact on or benefit to ensuring ITAR compliance. NGC shall provide ITAR compliance oversight throughout NGC and ensure that best practices learned are implemented throughout all of its ITAR regulated businesses.
3. Providing a yearly accounting report certified as correct by the Chief Financial Officer (CFO) of these expenditures to NGC's General Counsel or other senior official as appropriate, and the CPIP.
4. Providing reports to the CEO, the President, the General Counsel, the Export/Import Policy Council, and the Director, DTCC, concerning

NGC's compliance with the Consent Agreement and Order, as well as with such other pertinent U.S. Government munitions authorizations and licenses, as well as resource allocation, guidance, and the like then in force pertaining to NGC's ITAR regulated activities. These reports shall include findings, conclusions and any recommendations necessary to ensure strict compliance with the ITAR, describe any and all instances of AECA or ITAR non-compliance, and advise on progress in implementing previous recommendations advanced by the ISCO. These reports may, in a separate annex, also include any relevant comments or input by NGC. Any such reports shall not affect NGC's use of the Voluntary Disclosure procedure set forth in section 127.12 of the ITAR, and any benefits gained therefrom. The reports shall be provided:

- Every ninety (90) days for a period of six months from the date of the Order; and
- Semiannually thereafter during the remainder of the ISCO's period of appointment.

(7) The ISCO may also be requested to perform additional export oversight, monitoring and coordination of activities as agreed to by the Respondent and the Director, DTCC.

(8) In fulfilling the responsibilities set forth in the Consent Agreement, the ISCO may, at his or her sole discretion, present any export compliance related issue directly to any or all of NGC's Chief Executive Officer, President, the CPIP, the General Counsel or other appropriate senior officer, the Export/Import Policy Council and, if necessary, to the Director, DTCC.

(9) The NGC General Counsel or other senior officer, as appropriate, will brief the CPIP at least annually concerning any findings and recommendations by the ISCO, NGC's response and implementation of the same, and the status of ITAR compliance within NGC.

(10) Within fifteen (15) days after written approval by DTCC of the ISCO, NGC shall appoint that person to the position of ISCO and shall empower him or her with a written delegation of authority and statement of work, approved by DTCC, to permit him or her to monitor, oversee and promote NGC's ITAR compliance with the terms of the Consent Agreement in a manner consistent with the purpose of the Consent Agreement and the Order, its specific terms and conditions, pertinent authorizations provided to NGC's Electronic Systems Sector by the

Department of State, and other activities subject to the ITAR. A copy of this written delegation should be provided to DTCC for its review and approval.

(11) The General Counsel, or other senior officer, as appropriate, shall notify the Board of Directors and all employees of the appointment of the ISCO. Such notification shall include a description of the ISCO's powers, duties, authorities and responsibilities. Respondent shall post this notice on the Export/Import Shared Services Intranet site for the duration of the Consent Agreement. Respondent shall also provide a copy of this notice to the Director, DTCC, within thirty (30) days.

(12) The ISCO shall serve throughout the term of the Consent Agreement. If for any reason the appointed ISCO is unable to serve the full period of his/her appointment, or is unable to carry out the responsibilities described herein on a temporary basis greater than thirty (30) days, or if the Director, DTCC decides that the ISCO shall be removed for not performing his/her duties satisfactorily, NGC's General Counsel shall recommend a successor acceptable to the Director, DTCC. The Director's agreement to the replacement shall be confirmed in writing to NGC. Such recommendation shall be made at least thirty (30) days in advance of a new appointment unless a shorter period is agreed to by the Director, DDTC. If a successor ISCO is not appointed within sixty (60) days of the termination or removal of the appointed ISCO, this Consent Agreement will be extended for the period of time equal to the period of time NGC was without an approved appointed ISCO. NGC will not be without an ISCO for a period of longer than one hundred twenty (120) days without an extension being granted by the Director, DTCC. If the ISCO for any reason is unable to carry out the responsibilities described herein on a temporary basis, not to exceed thirty (30) days, then NGC's General Counsel shall assume the power and authority of the ISCO in the interim. The written delegation of authority and statement of work described in paragraph (10) above shall make provision for this event.

(13) The ISCO shall have full and complete access to relevant NGC personnel, books, records, documents, audits, reports, facilities and technical information relating to compliance with the Consent Agreement and the Order, and pertinent munitions authorizations, licenses, guidance relating to the export of defense articles and defense services.

(14) NGC's Electronic Systems Sector shall cooperate with any reasonable request of the ISCO, including any request for assistance to obtain any necessary security clearances, and shall take no action to interfere with or impede the ISCO's ability to monitor NGC's compliance with the Consent Agreement, the Order, and the

ITAR, or to carry out his or her other responsibilities set forth in the Consent Agreement. The ISCO shall notify DTCC whenever he or she encounters any difficulties in exercising the duties and responsibilities assigned under this Consent Agreement.

(15) The ISCO shall, with the concurrence of NGC, have the authority to employ in a support capacity at the expense of NGC, such assistants and other professional staff as are reasonably necessary for the ISCO to carry out the ISCO's duties and responsibilities. Expenses for such positions, including salaries and expenses of the ISCO, directly related to this Consent Agreement, may be paid from the suspended penalty.

(16) DTCC shall, either on its own initiative or at the request of the ISCO, issue such guidance as may be necessary or appropriate to help ensure strict compliance with the ITAR, and the terms and conditions of authorizations DDTC has provided to NGC.

Strengthened Compliance Policies, Procedures, Training

(17) Within twelve (12) months of the date of the Order, NGC will have instituted strengthened corporate export compliance procedures focused principally on NGC's business operations such that: (a) all NGC employees engaged in ITAR-regulated activities are familiar with the AECA, the ITAR, and their responsibilities as an NGC employee; (b) all NGC employees responsible for supervising NGC employees listed in (a), including senior managers of those units, are knowledgeable about the requirements and the underlying policies and principles of the AECA and the ITAR; (c) all NGC export personnel are fully trained and are complying with the terms, conditions, and provisos of authorizations; (d) a formal training program will be instituted for Empowered Officials within NGC, including mandatory training requirements covering the specifics of identifying defense articles and defense services, and procedures for preparing Commodity Jurisdiction (CJ) requests, to be completed within one-hundred eighty (180) days of the date of the Order; and (e) NGC maintains records indicating the names of employees, trainers, and level and area of training received (e.g., providing technical data, use of public domain information in performing defense services, applicability of ITAR to foreign-origin defense articles).

Audits

(18) With approval of the CPIP, NGC will conduct an audit that provides a thorough assessment of the effectiveness of the NGC Electronic Systems Sector's implementation of all measures set forth in the Consent Agreement with focus on those actions undertaken to address the compliance problems identified in the Proposed Charging Letter, the policies, procedures, and training established by NGC, and such other areas as may be identified by the ISCO or the Director, DTCC. Additionally, the audit will assess the overall effectiveness of NGC's ITAR compliance programs within the Electronic Systems Sector.

(19) The audit will be conducted under the supervision of the ISCO. NGC shall retain outside legal counsel or an outside consultant with expertise in AECA/ITAR matters, and the Commodity Jurisdiction process in particular, to review and comment on the proposed audit plan. The appointment of the legal counsel or consultant is subject to the approval of the Director, DTCC. Within four (4) months after the date of the Order, a draft audit plan will be submitted to the Director, DTCC for review and comment. Within eighteen months (18) of the date of the Order, the audit will be completed, including a written report containing recommendations for improvements with respect to the Consent Agreement measures or compliance with the AECA and the ITAR. NGC shall submit this report to the Director, DTCC along with NGC's plan on how it will address those recommendations. Subsequently, at the two and a half (2½) year anniversary of the date of the Order, NGC shall conduct another audit to confirm whether NGC addressed the compliance recommendations from the initial report, and whether NGC complied with the requirements of the ITAR.

Automated Export Compliance System

(20) NGC will continue to implement comprehensive automated export compliance systems to strengthen NGC's internal controls for ensuring compliance with the ITAR. NGC will provide to DTCC an update outlining the status of NGC's automated export compliance systems on a semi-annual bases commencing six (6) months after the date of the Order.

(21) The systems will automate processes involving jurisdiction/ classification, license requests, hardware shipments, exports of technical data and defense services, and denied party screening. Additionally, the systems will track the decision process from the initiation of a request for potential export authorization or clarification of an existing authorization to its conclusion to facilitate NGC oversight and monitoring of export activity. These systems will cover the initial

identification, review, and approval of technical data and defense services prior to export.

(22) NGC will develop a means of alerting users to the AECA and ITAR requirements on electronic transmissions of ITAR-controlled technical data. In order to prevent unintentional or accidental transmissions to unauthorized recipients, NGC will also provide training to all employees with electronic accounts to ensure that any type of electronic transmissions of ITAR-controlled technical data are sent in accordance with NGC's export compliance policies and procedures.

Legal and Ethics Compliance Program – HOTLINE for AECA and ITAR Compliance

(23) Within thirty (30) days of the date of the Order, NGC will specifically publicize throughout the company the availability of NGC's Hotline for reporting concerns, complaints, and violations of the AECA and the ITAR without fear of recrimination or retaliation. Notice of all complaints, concerns or violations about matters involving compliance with the AECA and the ITAR will be provided to the ISCO. If the ISCO is the subject of the complaint, concern or violation, the matter will be referred to the General Counsel for resolution. Together with the General Counsel, the ISCO shall prepare an annual report assessing the effectiveness of the Hotline program relating to export matters for the CPIP. The ISCO shall provide a copy of the report to the Director, DTCC.

Certifications

(24) At the conclusion of the three (3) year term of the Consent Agreement, the Chief Executive Officer of NGC or their successor(s), shall submit to the Director, DTCC a written certification that all compliance measures set forth in the Consent Agreement have been implemented and that he or she has assessed NGC's current AECA and ITAR compliance program and certifies that the company's compliance program is adequate to identify, prevent, detect, correct and report violations of the AECA and the ITAR. In the absence of such certification, the Consent Agreement shall remain in force beyond the three (3) year term until such certification is submitted. Such certification shall specifically address compliance with the accounting requirements of paragraph (6) of the Consent Agreement.